



# MassHealth Fact Sheet – FY10 H.1

## Nursing Facilities



### Overview

In FY10, MassHealth spending on nursing facility services is projected to decline by 2-4% and utilization (days) is projected to decline by 4-5%. The acuity (casemix) of MassHealth members has remained relatively stable and is expected to increase slightly in FY10. In FY10, MassHealth is investing in a modest rate increase for nursing facilities, while incorporating payment incentives to promote high quality and cost effective care.

### *FY10 Policy Initiatives*

#### **Rate Increase - \$15M Investment**

MassHealth will increase nursing facility rates by \$15M in FY10. Nursing facility rates will not be rebased in FY10. Budget language authorizes EOHHS to establish rates using the costs of any year determined to be appropriate.

#### **Pay-For-Performance – (P4P) \$35M**

MassHealth will make payments of \$35M in FY10 for facility performance in FY09, pursuant to MassHealth's new nursing facility P4P Program.

#### **User Fee - \$75M Revenue Increase**

The nursing facility user fee is an assessment on nursing facilities based on certain reimbursed patient days. The nursing facility assessment currently totals \$145 million. H.1 proposes to increase the assessment by \$75 million (increasing the total aggregate assessment to \$220 million), which will be directed to avoid a significant rate decrease, fund a \$15 million increase, and fund performance-based payments. Outside section language authorizes DHCFP to implement this provision.

#### **Payment Reforms**

MassHealth is exploring alternative payment approaches and will engage in discussions with nursing facilities regarding payment reforms and administrative efficiencies including streamlining the Management Minute Questionnaire (MMQ) process.